

Impact of KGI Development on Nearby Property Values May 2008

This analysis was prepared by Applied Economic Research at the request of the New Hampton planning board. Its purpose is to analyze the impact of the proposed KGI commercial development on the value of nearby properties. The reader is referred to a fiscal impact analysis previously presented to the planning board by Applied Economic Research for a description of the development.

Conceptual Framework

A new commercial development conveys its impact on surrounding properties via three principal means:

- **Visual Impact.** The KGI development will disrupt the natural landscape now existing on the site. This has the potential to reduce the value of nearby residential properties.
- **Increased Traffic.** The proposed KGI development is large enough to attract more traffic to the neighborhood. Higher traffic counts have the potential to increase commercial property values and decrease residential values (if the traffic travels along residential streets).
- **Noise Impact.** Some commercial development can generate noise which can be disruptive to the enjoyment of residential properties and, therefore, have a disruptive effect on values.

Scope of Analysis

In completing this analysis AER has:

- Toured nearby residential and commercial neighborhoods and their relationship to the proposed development.
- Solicited input from abutting property owners to identify their concerns
- Reviewed an analysis prepared by Thomas Kokx Associates entitled "Visual Impact Assessment Proposed Retail Development, New Hampton NH".
- Examined KGI development plans.
- Examined town property tax maps depicting the proposed development and nearby properties.

Conclusions: Visual Impact

The Kokx analysis identifies two clusters of sites with a potential view of the property that could, in my opinion, have an impact of value. Referring to pages 6-10 of the Kokx

study, and his conclusions on page 17, the viewpoints 1-4 and 15-19 are analyzed as having full or filtered views of the site.

Viewpoints 1-3 are commercial sites located on Route 104. The impact of this development will be to draw more shoppers to the immediate neighborhood—from New Hampton, from surrounding communities and tourists/second home owners. As such, I believe the impact will be to increase property values along Route 104 in the property's neighborhood. In fact, the town may find more new investment in the neighborhood as this project spins-off new ventures drawn by the increased traffic. **The town should, however, carefully consider traffic mitigation measures and insist that those measures are implemented early in the development process.**

Viewpoint 4 consists of the adjacent residential properties located on Drake Road. As noted on page 6 of the Kokx analysis:

“This view location represents points along Drake Road and associated residence(s) that will have a filtered view into the project site. A buffer of deciduous trees abuts the project parcel. The portion of the parcel behind the buffer includes the area that has had trees logged and is open, minimizing the screening of the slope where development will occur.”

There appears to be adequate distance that will remain undisturbed between the residences and the developed portion of the site. As noted in the Kokx study, however, most of that potential buffer has been heavily logged. In discussions with Drake Road property owners, I learned that some of that logging was within wetlands and that the State of NH is requiring mitigation. The precise form of that mitigation is unknown. If the mitigation calls for replanting the trees illegally removed, then some visual relief could be realized. **Since the form of that mitigation is unknown and despite the distance between these residences and the developed portion of the site, I recommend that in an abundance of caution, the town request that the developer provide an evergreen buffer shielding these residences from the developed portion of the site.** This is consistent with the recommendations in the Kokx analysis.

Viewpoints 15-19 are located along Magoon Road, Sunny Drive and Dana Hill roads. This places these viewpoints approximately two-three miles (as the crow flies) from the subject property. There will be relatively unobstructed views of the development from some of these sites. Most people would consider the views will be less attractive after the development occurs than exist under current conditions. The Kokx analysis recommends using darker, earth tone materials to soften the visual impact of the development. I concur with these recommendations. It is my opinion that while recognizing that there will be a visual impact, the impact will not rise to the level of diminishing property values.

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I have analyzed the impact of new commercial development on abutting property values in a variety of New Hampshire settings. In only one instance was there a documented negative impact on property values. That impact occurred in North Conway, adjacent to the Home Depot on Route 16. As seen in the photo below, the commercial development immediately abutted the adjacent residences and screening was immature and inadequate.



The situation with viewpoints 15-19 is much less burdensome and should not cause a reduction in property values.

As to noise and traffic issues, traffic will access the site from Route 104 and there should be little if any increased traffic along local roads and streets. Traffic on Route 104 is already fairly heavy, particularly when tourist flows in and out of the region. This being the case, it is unlikely that traffic will impact residential values in the neighborhood.

Noise can be a factor as a result of idling trucks, music piped to the parking lot and drive-up loudspeakers. This could influence the amenity value of Drake Road residences. **I recommend that reasonable noise performance standards be implemented as part of the approval process.**

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In conclusion, with adequate mitigation measures in-place (as noted above and as cited in the Kokx analysis), I see no clear, definitive evidence pointing to a reduction in residential property values as a result of this development. Conversely, property values along Route 104 in the vicinity of the development will probably increase.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "R. Thibeault", written in a cursive style. The signature is positioned above a horizontal line.

Russell W. Thibeault
President